



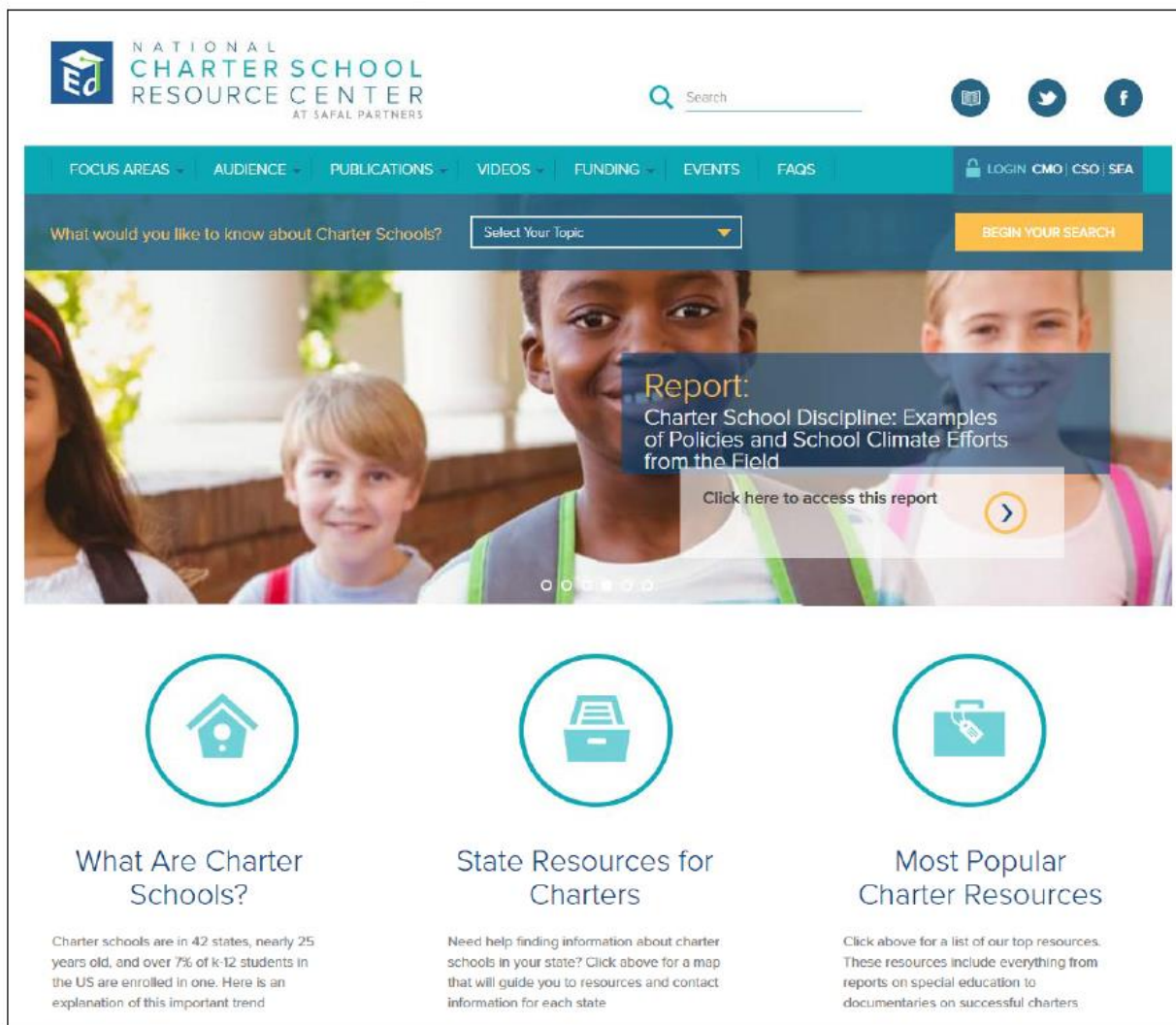
NATIONAL
CHARTER SCHOOL
RESOURCE CENTER
AT SAFAL PARTNERS



SEA Webinar Series: Charter School Closure

About the National Charter School Resource Center

www.charterschoolcenter.ed.gov



- Funded through the U.S. Department of Education
- Makes accessible high-quality resources to support the charter school sector

Please visit:

<http://www.charterschoolcenter.ed.gov> for news, resources, and information on charter schools.

Presenters

National Charter School Resource Center: *Mukta Pandit, Technical Support Lead at Safal Partners*

U.S. Department of Education: *Erin Pfeltz, Charter Schools Program*

Missouri Department of Elementary and Secondary Education:
Curt Fuchs Ph.D., Coordinator, Educational Support Services, Office of Quality Schools

New Jersey Department of Education: *Jim Palmer, Executive Director, Project and Grants Management*

Webinar Objectives

At the end of this presentation, participants will be able to:

1. Identify resources to support development of effective practices and strategies for managing closure of charter schools
2. Learn from the experiences of two states navigating the closure process across different contexts
3. Understand how to account for and safeguard federal and state assets and funds when charter schools close

Find more on the SEA Exchange:

<https://ncsrcseacop.groupsite.com/login>

Background: OIG Report

In September 2012, OIG released a report on the Charter Schools Program.

Finding no. 3 expressed the concern that OII did not ensure that SEAs had adequate monitoring procedures for handling a charter school closure.

NACSA Principles and Standards

In the event of a school closure, a quality authorizer oversees and works with the school governing board and leadership in carrying out a detailed closure protocol that ensures timely notification to parents; orderly transition of students and student records to new schools; and disposition of school funds, property, and assets in accordance with law.



Agenda

- Welcome & Introductions
- **Missouri Department of Elementary and Secondary Education: Closing Charter Schools in Missouri: SEA as “Authorizer of Authorizers”**
- **New Jersey Department of Education: Closing Charter Schools in New Jersey: SEA as “Sole Authorizer”**
- Q & A
- Closing

Closing Charter Schools in Missouri: SEA as “Authorizer of Authorizers”

Missouri Department of Elementary and Secondary Education

*Curt Fuchs Ph.D., Coordinator, Educational Support Services,
Office of Quality Schools*



Missouri Overview



The Missouri Department of Elementary and Secondary Education (DESE) does not have the ability to close charter schools. Closure is from the action of the authorizer, or by voluntary relinquishment. Missouri works closely in developing policies for authorizers to use in the closure process. DESE does approve and evaluate authorizers.

A Glance at Missouri Charter Schools and Laws

- 37 LEAs
 - 61 Buildings
- Serve approximately 20,000 students
- 9 Authorizers/Sponsors
- Charter schools are only located in two major urban areas
- 11 charter LEAs have been closed since 2011
- Laws:
 - 1998 Original charter law developed
 - 2012 Major revision of law, focused on accountability
- Rules:
 - 2012 Charter Authorizer Standards created
 - 2014 Charter Closure rule created



Key Points of MO's Current Legislation

- Missouri Charter Law requires:
 - Authorizers develop policies and procedures, including procedures to be implemented if a charter school should close;
 - Include within the new charter application procedures that will be implemented if the charter school should close;
 - Have a policy in place for revocation; and
 - “Unobligated assets” of the charter school be returned to the Department.
- The Missouri Department of Education has the ability to withhold funding of the school's last year of operation.

Administrative Rules that Help Interpret MO State Statute

- The focus of the rules is the responsibility of the authorizer when it comes to closure procedures in the following areas:
 - Communication
 - Student Records
 - Business and Personnel Records
 - Submission of Final Data and Reports
 - Resolution of Financial Obligations
 - Disposition of Assets
- Sponsors are currently developing policies to ensure compliance with this rule.

Read these rules in full at: <http://dese.mo.gov/sites/default/files/qs-charter-Code%20of%20State%20Regulations.pdf#page=25>

Key Principles

➤ Key Principle 1: Federal vs. State Funds and Assets When Closing Charter Schools

While federal guidelines (items over \$5,000) are recognized, Missouri assumes that state funds and assets should be returned to the DESE as per charter law.

➤ Key Principle 2: The Role of Authorizer (and Authorizer of Authorizers) and of the Charter School When Closing Charter Schools

Code of State Regulations (CSR) defines the role of the authorizers fairly well.

Preventative Measures Taken and Systems Developed to Determine Charter Schools at Risk of Closing

- State Charter Law gives Missouri the ability to identify charter schools that are financially stressed. Missouri considers a school ending the fiscal year with less than 3% of its annual operating expenses remaining in its reserve fund balance to be financially stressed.
- Missouri also has a policy (not a rule) that if a charter school is suspect for closure or identified as financially stressed, the Department will place the charter school on a “cash management plan.” Under this plan, all federal expenditures (Title I, CSP, IDEA, etc.) will be reimbursed only with invoices from the charter school. This does not apply to state funds.

How Missouri Monitors the Following Indicators with Respect to Closure Risk

> Student academic progress:

- All public schools in Missouri receive an Annual Performance Report (APR) with a % score.

> Timely use of federal and state funds:

- Title I office and Special Education office routinely have desk audits about use of funds and if necessary onsite visits occur.

> Material issues reported in independent audits:

- State statute requires an independent audit due December 31. All audits are reviewed by the financial office at the DESE.

> Submission of required data and reports:

- The Missouri Department of Education collects data from each public school in August, October, December, February, April and June. Any schools not submitting are contacted immediately.

Current Challenges with Effective Management of Charter School Closure Practices

Loopholes within the law include:

> Timeline of when unobligated assets should be returned:

- For example, Missouri currently has a charter school closed for over two years that has not returned state funds. The current charter board is spending down remaining funds.

> Charter school board refusing to return state assets and funds:

- Some charter school boards have stated that since charter school boards are incorporated, they should follow federal law for corporations rather than state charter law.

> State or federal funds comingled with private dollars:

- It is difficult to determine how to distribute assets of a closed school when purchases have been made with a mixture of private dollars and state or federal funds.

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Closing Charter Schools in New Jersey: SEA as “Sole Authorizer”

New Jersey Department of Education

Jim Palmer, Executive Director, Project and Grants Management



New Jersey Overview



- Today we will discuss:
 - We are the sole authorizer
 - Therefore we are the sole “closer”
 - We have broad statutory language
 - A Performance “Contract” driving CSO oversight
 - Regulatory language introducing an important player
 - A Dissolution Plan that gets “into the weeds”

A Glance at New Jersey Charter Schools and Laws


- 87 LEAs
- Serve approximately 35,000 students (less than 3% of state total)
- The SEA is the sole Authorizer
- Charter schools are located throughout the state
 - Significant number are located in major urban areas
- 14 charter LEAs have been closed since end of 2011-12 SY
- Laws:
 - 1995 Original charter law developed
 - No formal action being taken at this time to revise the law
- Regulations:
 - Latest updates to State Board of ED Regulations was done March 2014



Key Points of NJ's Current Legislation

NJ State Charter School statute — 18A:36A-17. Granting, renewal of charter

A charter granted by the commissioner pursuant to the provisions of this act shall be granted for a four-year period and may be renewed for a five-year period. The commissioner may revoke a school's charter if the school has not fulfilled any condition imposed by the commissioner in connection with the granting of the charter or if the school has violated any provision of its charter. The commissioner may place the charter school on probationary status to allow the implementation of a remedial plan after which, if the plan is unsuccessful, the charter may be summarily revoked. The commissioner shall develop procedures and guidelines for the revocation and renewal of a school's charter.

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- Most important point: The broad nature of the language.
 - “The Commissioner may revoke a school’s charter if the school has not fulfilled any condition imposed by the Commissioner....
 - The language gives our Commissioner the authority to “develop procedures and guidelines” for revoking a charter.

Read more at: <https://www.nj.gov/education/chartsch/cspa.htm>

Preventative Measures Taken and Systems Developed to Determine Charter Schools at Risk of Closing

- Two years ago the CSO implemented a new Performance Framework.
 - NACSA was the key partner in helping us develop this tool
 - Academic performance
 - Financial performance
 - Organizational performance
- Program and Fiscal offices review the latest student achievement, school management and fiscal results.
- Significant issues may result in a school being put on Probation.
- Probation requires the school to develop a remediation plan.



Our Performance Framework is the “contract” between the school and the “Commissioner.”

Read more at: <http://www.nj.gov/education/chartsch/accountability/framework.htm>

Administrative Rules That Help Interpret NJ State Statute

New Jersey Charter School Closure Dissolution Plan:

The board of trustees shall implement a comprehensive closure plan:

- i. Within 10 business days of receipt of notification, the board of trustees shall appoint an independent trustee whose appointment is subject to the approval of the Commissioner. Duties of the independent trustee include, but are not limited to, the following:
 - 1. Review the budget to ensure that funds are sufficient to operate the school through the end of the school year, if applicable, and terminate any spending deemed non-essential to the operation of the school;
 - 2. Maintain all financial records;
 - 3. Notify all entities doing business with the school;
 - 4. Notify retirement and benefits systems in which the school's employees participate;
 - 5. Inventory and evaluate assets;
 - 6. Ensure appropriate payment of outstanding debt; and
 - 7. Ensure appropriate distribution of remaining assets;

The Trustee takes the lead role in the closure process.

Read in full at: <http://www.nj.gov/education/chartsch/accountability/closure.htm>

Key Principle

- Key Principle: The Role of the SEA as Authorizer and of the Charter School When Closing Charter Schools
- The CSO maintains an oversight role throughout the closure process.
- Third party “Independent Trustee” introduced into the process.
 - Appointed by the school with the approval of the Commissioner.
- Trustee assumes the lead role in the financial and non-educational operational management.
- The CSO facilitates meetings and communications between the school, the Trustee and the various Program Offices within the SEA, such as the Title 1 office or the IDEA office.
- Each of these groups has a defined role in the closure process.



The most important relationship in the Closure process is between the CSO and the Trustee.

How the NJ Closure Dissolution Plan Addresses:

- School closures and key individuals associated with the closed schools (for effectively safeguarding all federal and state funds)
- Management of student records (including transferring)
- Tracking and managing the disposition of state funds and assets purchased with state funds
- Tracking and managing the disposition of federal funds and assets purchased with federal funds
- Financial Tracking system to account for dispersed and expended state and federal funds and assets



The school's inventory records become the key information for "liquidating" assets.

Current Challenges New Jersey Faces in Charter School Closure Practices

One of our challenges lies in our limited ability to remove a Trustee once that Trustee is approved by the Commissioner. The Trustee is appointed by the closing school. If the Trustee is not fulfilling their responsibilities to the highest standards we can advise the closing school of any issues but currently the school must take the step to replace the Trustee.



Once we approve the Trustee, we only have the “power of persuasion.”

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Continue the discussion on the SEA Exchange:

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The screenshot displays the National Charter School Resource Center website. The header includes the site name, "at Safal Partners", and navigation links for "About", "Contact", "Events", and a search bar. A banner below the header reads "CONNECT. Resources to Build Top-Notch Charter Schools." and includes a "Subscribe to our Newsletter" link. A main navigation bar contains links for "Our Work", "Focus Areas", "Resource Library", "Education & Training", "Funding Opportunities", "Events", "News", and "Parents". Below this, a breadcrumb trail shows "Home / Groups /". The left sidebar features a "MY ACCOUNT" section with links for "My Profile" and "Log out", and a "MY GROUPS" section listing "CMO Exchange", "SEA Exchange", and "Special Education" with a "1 new" indicator. The main content area is titled "SEA Exchange" and includes a toolbar with buttons for "View", "By term", "Edit", "Track", "Node export", "Broadcast", and "Devel". A welcome message states: "Welcome to the SEA Exchange Group! We welcome SEA grantees to this virtual community of practice. You can engage in an online discussion with your peers, share resources, and learn more about issues that are important in the charter school community." Below the message is a list of links: "Start a Discussion", "Post a Resource", "Find Group Members", "View Group Resources", and "View Group Discussions".

Contact Us

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www.charterschoolcenter.ed.gov